

Poland Works!

*A Fact Sheet
from the
Polish Agency
for
Foreign
Investment*

American Companies Find Substantial Growth Opportunities in Poland

Poland's path to economic growth is paved with opportunities for American investment and industry. Making tough choices and tougher changes, the country is creating a peaceable and vigorous social, political and economic milieu. As Polish progress increasingly catches American attention, the experiences of several U.S. firms provided here point to a single conclusion: hard working, capable and motivated, the new and changing Poland really works. Experts are equally confident that American investors can profit as Poland progresses.

Procter & Gamble Consumer Goods Fill Empty Shelves and Meet Strong Demand



Responding to value and quality, Polish consumers are pouring their zlotys into bars of Camay soap, bottles of Mr. Clean, tubes of Clearasil and jars of Vicks.

These and other U.S.-familiar Procter & Gamble products have abundantly replaced shortages and cobwebs on store shelves in Poland. That's good news for shoppers and retailers alike.

Procter & Gamble's CEO J.E. Pepper urges other internationally inclined businesses to look closely at Poland. He praises Poland's "excellent" work ethic, plus its commitment to economic reform, currency reform, inflation control and privatization en route to a full

market economy. Even as many competitors enter the Polish market, P&G believes Poland still offers plenty for everyone. "We at P&G are betting heavily on the future of Poland," Pepper concludes. "We are doing so with a lot of confidence. I would counsel other globally oriented businesses to do the same."

In fact, management regards P&G's life in Poland as an early and excellent success story. Since entering the country in 1991, the Ohio-based consumer products manufacturer has expanded its operations to include manufacturing, marketing, sales and distribution. Spending includes \$100 million for a disposable diaper plant near Warsaw.

Rapid, substantial business growth ranks among the reasons P&G is focusing its largest investments for the future on Poland. Today, P&G Poland counts as a mid-sized subsidiary of the American giant, yielding early profits on yearly sales exceeding \$200 million.

Economic Beacon Flashes Near Kraków

In southern Poland's flatlands, the small town of Niepolomice is following the private enterprise beacon to kindle its own light. Sparked by Mayor Stanislaw Kracik, municipal leaders in Niepolomice shelved politics to focus on economics and actively seek foreign investors. By democratizing the local economy with unprecedented vigor, this tiny community 13 miles east of Kraków drew investors from as near as Germany and as far as Japan. But its top coup happened in the United States.

Opening up to private enterprise enabled Niepolomice to bottle up one of only five Coca-Cola plants in Poland. Representing one-third of all investment in Kraków Province, the \$59 million Niepolomice plant also created 250 jobs and a community sports complex. Such private sector successes in economic restructuring are putting Niepolomice on the map as a hot spot in a brightening Poland.

U.S. Automotive Firms Invest in Poland on Drive Into Eastern Europe



At least three major U.S. automotive manufacturers are steering or accelerating capital investment into Poland. At Plonsk, near Warsaw, Ford Motor Company's European subsidiary is investing \$54 million into its first Eastern European car-building venture.

Ford is adapting the plant, originally built to make seat covers, to assemble 20,000 Escort cars plus 10,000 panel vans annually. The Plonsk plant will employ 250. Ford expects to reach capacity, triggering further adaptation and expansion at Plonsk.

AlliedSignal Inc.'s first venture in Eastern Europe will involve acquiring, expanding and updating Twardogóra facilities at which Fiat manufactures

continued



Facts About Poland

Area: 120,725 square miles

Population: 38.6 million. Ranks 8th in Europe. Over 61% of the population is under the age of 40.

Economy: Agriculture: grains, potatoes, sugar beets, oilseeds, livestock. Industry: machinery, iron, steel, mining, chemicals, shipbuilding, food processing.

Imports (1994): \$21.4 billion

Exports (1994): \$17 billion

Foreign Direct Investment (thru early 1995): \$5 billion

brake components. The New Jersey-based firm expects the plant near Wrocław to generate \$30 million in sales this year.

Meanwhile, as General Motors Corporation ponders a new, modularly expandable, 50,000-unit assembly plant, it plans to rework existing Warsaw-area facilities. GM operates those facilities in a joint venture with Poland's state-owned automaker, Fabryka Samochodów Osobowych (FSO).

Restructuring would broaden the functions of the existing plants and boost to 25,000 vehicles the prevailing annual output of 10,000. The new Polish facilities would complement, not supplant, those in the United States and Western Europe as GM drives for new markets in Eastern Europe.

Cargill Reaps Success Sown in Polish Plants

Cargill, the American agribusiness giant — with 800 plants and subsidiaries in 60 countries — is reaping success from seeds it has been sowing in Poland.

The success of its initial project, a feed-mixing plant in Sierpc, germinated a second plant that opened last year in Siedlce. The fully automated, \$7 million Siedlce plant will buy enough grain from Podlasie farmers to produce 100,000 tons of animal feed a year. Soon, the company will build a glucose factory on land it has acquired near Wrocław in southwestern Poland, a major grain producing area. The \$30

million factory will employ more than 100 people.

Cargill's first two projects alone place it solidly among the top 100 foreign investors in Poland.

International Paper Company Plant Becomes Market Leader in Poland

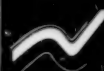


International Paper Company followed a trail of incentives to Poland, where now it is a leader. International Paper tops the PAIZ list of the biggest foreign investors in Poland.

By year end, the U.S. firm's stake will hit \$320 million. That's nearly triple the \$120 million it paid for the Canadian-built Kwidzyn Paper Factory in 1992. The company has since expanded Kwidzyn's capacity and boosted quality to export standards. Today, as Poland's most modern, and second largest, paper mill, Kwidzyn produces 35 percent of Poland's newsprint. Further, it is Poland's sole supplier of pulp, as well as the country's largest producer of newsprint and white paper.

Now, says International Paper's president David A. Bailey, a \$60 million program will expand recycling facilities and add new environmental equipment. By enabling Poland to produce packaging materials it must now import, International Paper's further investment of \$45 million in new machinery will box up \$100 million a year in new sales.

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